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APPROVED

BOARD OF FINANCE

February 14, 2011

MINUTES OF MEETING*

*Please note that a verbatim transcript of this meeting was made and is filed in the Clerk/Treasurer's Office

Mayor Kiss convened the meeting of the Board of Finance at 5:12 p.m. with President Keogh, Councilor Wright, Mayor Kiss and ACAO Schrader present; Councilor Paul arrived at 6:30 p.m. Others present: Councilor Bushor, Joe Reinert, Assistant to the Mayor, Steve Goodkind, Public Works Director, Carol Westin, Public Works Department, Mike Flora, Burlington Telecom, Amber Thibeault, Burlington Telecom, Ron Ruloff, John Burns, Burlington Free Press, Stephen Barraclough, Dorman and Fawcett,

1. Agenda

There being no changes to the agenda, the agenda was approved.

2. Public Works

- A. Memorandum regarding Lower Church and St. Paul Street Improvement District**
- B. Cost Proposal for Lower Church Street and St. Paul Street Improvement**

Carol Westin addressed the Board of Finance requesting authorization for the Public Works Director to execute a contract with Holye Tanner & Associates in the amount of \$90,000 for construction inspection services for the referenced project. Ms. Westin stated that Holye Tanner & Associates are a local firm that has presented a reasonable hourly rate for the work on the project. She further stated that they have prior experience in working with Marketplace projects. President Keogh made a motion, seconded by Councilor Wright to approve and authorize execution of a professional services agreement with Holye Tanner & Associates in the amount of \$90,000. The motion passed unanimously.

3. Police – FY 11 Capital Improvement Program at One North Avenue

Carol Westin addressed the Board requesting approval of mechanical system upgrades and hot water heater replacement and improvements to an emergency generator as part of the Police Department Capital Improvement plan, as well as authorization to execute agreements with Climate Systems and Brookfield, respectively. Ms. Westin explained the projects and their need and indicated that the two awards are within the \$65,000 allocated for these projects, coming in at \$41,170 and \$10,435, respectively. President Keogh made a motion, seconded by Councilor Wright to approve and authorize execution of construction service agreements with Climate

Systems and Brookfield in the amount of \$41,170 and \$10,425, respectively. The motion passed unanimously.

4. Larkin Report and Audit

Fred Duplessis addressed the Board with regard to the Larkin Report and his responses to Councilor Paul as well as the City's 2010 Fiscal Year Audit. Mr. Duplessis thanked the City accounting staff for their cooperation and assistance in the process indicating that without it, his firm would not be able to have provided the audit two months ahead of schedule. He stated that it is their firm's intention to release the single audit and management letter within the next month.

Mr. Duplessis explained that as far as the Larkin report is concerned, he was obligated by contract and professional standards of confidentiality to not respond to individual requests unless agreed to and directed by the Board of Finance. Mr. Duplessis indicated that, in the future, requests for information should be done through the audit committee, with a scope of service agreed to in writing with the associated fees, if any, delineated.

As far as the Report itself, Mr. Duplessis explained that his firm is responsible to evaluate the City's determination with regards to the repayment of pool cash by BT and the violations of the CPG. Those determinations have been evaluated in this audit and previous audits, reading from the June 30, 2008 wherein the City made mention of the anticipated re-financing. In subsequent audits, including the one provided for this meeting, the City can no longer assert refinancing due to the uncertainty of that. Therefore, the audit is a qualified opinion and will remain as such until the issue of re-financing is resolved. Mr. Duplessis indicated that this is not a unique situation and that many municipalities have similar issues, albeit not to the magnitude experienced here. As far as the repayment is concerned, the repayment period is normally that of the useful life of the asset. When there is a certainty with regards to the inability of repayment, then the financial statement would reflect a transfer from the General Fund. Currently, there is a debit to the General Fund without an expectation of the method or period of time of repayment. Until the City tells Sullivan and Powers what the City's expectations are, they cannot evaluate this aspect.

Mr. Duplessis indicated that his firm does undergo a peer review and, in all likelihood, included the report done by their firm of the City. He indicated that he is proud of the results of that peer review and encouraged the City Councilors and public to read that peer review. Mr. Duplessis did express his surprise that the City Council was unaware of the conduct of the audit of the City and expected that the City Council members would have received the audit reports. He stated that this has been resolved in the future through the engagement letter with his firm which requires that S & P present the audit to the Board of Finance and the City Council.

Councilor Paul requested that Mr. Duplessis return next meeting to present the audit. She also stated that she thought she followed proper protocol to have questions that she had answered by S & P. She further stated that at no time since her e-mail she sent in December was she made aware that her request could not be responded to because of contractual or professional obligations. Councilor Paul requested a more detailed response to the questions, specifically, did he discuss the deficiencies of the CPG and pooled cash and if so, with who? Mr. Duplessis responded that there were no findings regarding the CPG and that the City's assertion that there was no significant fiscal impact of a determination of the lack of compliance with the CPG was evaluated and determined to be reasonable. This has been shown to be accurate as no fine or penalty has been levied.

Mr. Duplessis responded to the Larkin report indicating that he is unable to determine the accuracy of the findings within the report stating that he could not following the tables within the report and is not aware of the protocols of the examination and even if there were any. In fact, it is not an audit and would have served everyone if they had circulated a draft of the report to correct errors within their findings and address and clarify issues of the report. Mr. Duplessis stated that the use of pool cash by BT was not an inappropriate use and not reportable and, at the time, not cause for concern. It wasn't until the uncertainty of refinancing the debit to pool cash did this become a reportable condition and, in fact, has caused S & P to issue a qualified opinion.

There being no further business of the Board, the meeting of the Board of Finance was adjourned at 6:35 p.m.